

**SOUTHEASTERN LOUISIANA UNIVERSITY**  
**ALUMNI ASSOCIATION, INC.**

**JUNE 30, 2012**

**HAMMOND, LOUISIANA**

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October 24, 2012

Independent Auditor's Report

To the Board of Directors of  
Southeastern Louisiana University  
Alumni Association, Inc.  
500 W. Columbus Drive  
Hammond, Louisiana

We have audited the accompanying Statement of Financial Position of Southeastern Louisiana University Alumni Association, Inc. (a nonprofit organization) as of June 30, 2012, and the related Statements of Activities and Cash Flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from Southeastern Louisiana University Alumni Association Inc.'s 2011 financial statements and, in our report dated November 30, 2011, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southeastern Louisiana University Alumni Association, Inc. as of June 30, 2012, and the change in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Respectfully submitted,

*Hannis T. Bourgeois, LLP*

**SOUTHEASTERN LOUISIANA UNIVERSITY  
ALUMNI ASSOCIATION, INC.**

**STATEMENT OF FINANCIAL POSITION**

AS OF JUNE 30, 2012  
WITH COMPARATIVE TOTALS FOR 2011

	<u>2012</u>	<u>2011</u>
<u><b>ASSETS</b></u>		
<b>Current Assets:</b>		
Cash	\$ 275,949	\$ 65,635
Certificates of Deposit	-	186,015
Accounts Receivable	1,250	-
Prepaid Expenses	-	15,756
Total Current Assets	277,199	267,406
Property and Equipment - at Cost Less Accumulated Depreciation of \$350,918 in 2012 and \$331,881 in 2011	425,583	444,620
Total Assets	<u>\$ 702,782</u>	<u>\$ 712,026</u>
<u><b>LIABILITIES AND NET ASSETS</b></u>		
<b>Current Liabilities:</b>		
Accounts Payable	\$ 26,472	\$ 18,968
Note Payable (Due Within One Year)	5,479	5,777
Contribution Payable	-	14,724
Deferred Membership Dues	63,711	55,108
Total Current Liabilities	95,662	94,577
<b>Long-Term Liabilities:</b>		
Notes Payable (Due After One Year)	14,636	20,698
Total Liabilities	110,298	115,275
<b>Net Assets:</b>		
Unrestricted	548,726	559,844
Temporarily Restricted	43,758	36,907
Total Net Assets	592,484	596,751
Total Liabilities and Net Assets	<u>\$ 702,782</u>	<u>\$ 712,026</u>

The accompanying notes are an integral part of this statement.

**SOUTHEASTERN LOUISIANA UNIVERSITY  
ALUMNI ASSOCIATION, INC.**

**STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED JUNE 30, 2012  
WITH COMPARATIVE TOTALS FOR 2011

	2012			2011
	Unrestricted	Temporarily Restricted	Total	Total
<b>Support and Revenue:</b>				
Membership Dues	\$ 67,122	\$ -	\$ 67,122	\$ 69,815
Student Fees	169,938	-	169,938	170,415
Special Events	61,869	-	61,869	27,048
Alumni Scholarship Fund	-	6,747	6,747	9,205
Royalties	18,670	-	18,670	15,849
Contributions	-	101,376	101,376	-
Other Income	15,517	-	15,517	16,218
Interest	2,317	-	2,317	2,379
	<u>335,433</u>	<u>108,123</u>	<u>443,556</u>	<u>310,929</u>
Net Assets Released from Restrictions:				
Restrictions Satisfied by Payments	<u>101,272</u>	<u>(101,272)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	436,705	6,851	443,556	310,929
<b>Expenses:</b>				
Program Services:				
Alumni Center	48,341	-	48,341	38,608
University Promotions	57,353	-	57,353	60,334
Southeastern Development Foundation, Inc. Contribution	100,500	-	100,500	15,849
Special Events	44,147	-	44,147	36,671
Chapter Expenses	64,320	-	64,320	54,385
Supporting Services:				
Management and General	115,873	-	115,873	119,280
Membership Expenses	<u>17,289</u>	<u>-</u>	<u>17,289</u>	<u>25,640</u>
Total Expenses	<u>447,823</u>	<u>-</u>	<u>447,823</u>	<u>350,767</u>
<b>Increase (Decrease) in Net Assets</b>	(11,118)	6,851	(4,267)	(39,838)
<b>Net Assets at Beginning of Year</b>	<u>559,844</u>	<u>36,907</u>	<u>596,751</u>	<u>636,589</u>
<b>Net Assets at End of Year</b>	<u>\$ 548,726</u>	<u>\$ 43,758</u>	<u>\$ 592,484</u>	<u>\$ 596,751</u>

The accompanying notes are an integral part of this statement.



**SOUTHEASTERN LOUISIANA UNIVERSITY  
ALUMNI ASSOCIATION, INC.**

**STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED JUNE 30, 2012  
WITH COMPARATIVE TOTALS FOR 2011

	<u>2012</u>	<u>2011</u>
<b>Cash Flows From Operating Activities:</b>		
Change in Net Assets	\$ (4,267)	\$ (39,838)
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by (Used In) Operating Activities:		
Depreciation	19,037	19,911
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(1,250)	1,084
(Increase) Decrease in Prepaid Expenses	15,756	(2,103)
(Increase) Decrease in Other Assets	-	5,000
Increase (Decrease) in Accounts Payable	7,504	14,646
Increase (Decrease) in Contribution Payable	(14,724)	(40,476)
Increase (Decrease) in Deferred Revenue	<u>8,603</u>	<u>7,748</u>
Net Cash Provided by (Used in) Operating Activities	30,659	(34,028)
<b>Cash Flows From Investing Activities:</b>		
Purchases of Certificates of Deposit	-	(186,015)
Redemption of Certificates of Deposit	<u>186,015</u>	<u>183,910</u>
Net Cash Provided by (Used in) Investing Activities	186,015	(2,105)
<b>Cash Flows From Financing Activities:</b>		
Repayment of Notes Payable	<u>(6,360)</u>	<u>(5,903)</u>
Net Cash Used in Financing Activities	<u>(6,360)</u>	<u>(5,903)</u>
<b>Net Increase (Decrease) in Cash</b>	210,314	(42,036)
<b>Cash - Beginning of Year</b>	<u>65,635</u>	<u>107,671</u>
<b>Cash - End of Year</b>	<u><u>\$ 275,949</u></u>	<u><u>\$ 65,635</u></u>
<b>Supplemental Disclosures of Cash Flow Information:</b>		
Cash Payment for:		
Interest	<u><u>\$ 1,189</u></u>	<u><u>\$ 1,737</u></u>

The accompanying notes are an integral part of this statement.

**SOUTHEASTERN LOUISIANA UNIVERSITY  
ALUMNI ASSOCIATION, INC.**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

**Note 1 - Summary of Significant Accounting Policies -**

General

The Southeastern Louisiana University Alumni Association, Inc. (the Association) is a non-profit organization exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. The mission of the Association is to preserve and strengthen the bonds of friendship existing among Southeastern Louisiana University's former students; to foster, preserve and perpetuate the University's ideals and traditions so as to enhance its prestige as an institution of learning; and establish strong ties between the University and its former students in order to promote its educational and physical growth.

The Southeastern Louisiana University Alumni Association, Inc. was incorporated December 5, 1948, under the provisions of Louisiana Revised Statutes 12:101-155 as a non-profit corporation.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

Basis of Presentation

The Association is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, as applicable.

Contributions

All contributions are considered available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose of restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Contributions made, including unconditional promises to give, are recognized as expenses in the period made at their fair values.

Accounts Receivable

The Association uses the direct write-off method for uncollectible accounts receivable. No allowance for bad debts has been provided as no material write-offs are expected for accounts receivable at June 30, 2012.



### Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

### Contributed Services

During the year ended June 30, 2012, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

### Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Association considers all highly liquid investments with a maturity of three months or less at the date of purchase to be cash equivalents.

### Property and Equipment

Property and equipment is recorded at cost except for donated property. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Association reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Association reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method.

### Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

### Income Taxes

The Association is a qualified not-for-profit organization and is exempt from income taxes under Internal Revenue Code 501(c)(3). Therefore, no provision for income taxes has been included in the accompanying financial statements.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claims or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Association may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing



authorities, based on the technical merits of the position. There were no unrecognized tax benefits identified or recorded as liabilities for the year ended June 30, 2012.

The Association filed an income tax return in the U.S. federal jurisdiction. With few exceptions, the Association is no longer subject to federal tax examinations by tax authorities for years before 2008. Any interest and penalties assessed by income taxing authorities are not significant and are included in general and administrative expenses in these financial statements, if applicable.

#### Summary Financial Information for 2011

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended June 30, 2011, from which the summarized information was derived.

#### Concentration of Credit Risk

The Association maintains its cash in bank deposit accounts at high credit quality financial institutions. The balances, at times, may exceed federally insured limits. At June 30, 2012, all of the Association's bank deposits were insured by the Federal Deposit Insurance Corporation.

#### Subsequent Events

The Organization evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through October 24, 2012, the date which the financial statements were available to be issued.

#### **Note 2 - Restrictions on Net Assets -**

Temporarily restricted assets are available for the following purposes:

The Alumni Center	\$ 7,164
ROTC Scholarship Fund	104
Alumni Scholarship Fund	<u>36,490</u>
	<u>\$ 43,758</u>

Changes in Temporarily Restricted Net Assets for the fiscal year ended June 30, 2012 are as follows:

Temporarily Restricted Net Assets at July 1, 2011	\$ 36,907
Additions to Net Assets Temporarily Restricted:	
ROTC Scholarships	101,376
Alumni Scholarship Fund	<u>6,747</u>
	6,747
Net Assets Released from Restrictions:	
ROTC Scholarship Fund	<u>(101,272)</u>
	6,851
Temporarily Restricted Net Assets at June 30, 2012	<u>\$ 43,758</u>

### Note 3 - Property and Equipment -

Property and equipment as of June 30, 2012 consists of the following:

Building	\$ 761,481
Furniture	6,995
Office Equipment	<u>8,025</u>
	776,501
Less: Accumulated Depreciation	<u>(350,918)</u>
	<u>\$ 425,583</u>

Depreciation of \$19,037 was charged to Program Services - Alumni Center for the fiscal year ended June 30, 2012.

### Note 4 - Notes Payable -

The details of notes payable as of June 30, 2012 are as follows:

#### First Guaranty Bank

Unsecured note in the original amount of \$100,000, with an interest rate of 6.25% per annum until July 6, 2010. An extension was obtained until October 29, 2010, when the balance of the loan \$30,675 was refinanced at First Guaranty Bank with an interest rate of 4.90% per annum until October 29, 2015, payable in 59 payments of \$579 and the balance on the 60<sup>th</sup> payment.

	\$ 20,115
Less: Current Portion	<u>(5,479)</u>
	<u>\$ 14,636</u>

Maturities of the long-term portion of debt are as follows:

June 30, 2014	\$ 6,366
June 30, 2015	6,685
June 30, 2016	<u>1,585</u>
	<u>\$ 14,636</u>

Interest expense for the year ended June 30, 2012 was \$1,189.

### Note 5 - Leases -

#### Lease

In connection with the construction of the Alumni Center, the Association (Tenant) entered into an agreement with the Board of Trustees for State Colleges and Universities (Landlord), a political subdivision of the State of Louisiana on October 7, 1993, to lease property located in Hammond, Louisiana. The Association had previously constructed a building on the leased premises, which they occupy as their Administrative offices. The term of the lease commenced on the day of execution of the

agreement for a term of 99 years. The consideration of the lease is the construction of improvements by Tenant on the leased premises. In addition, the Tenant shall pay as rent the sum of \$1.00 per year commencing from the date of substantial completion of the Tenant's improvement through the remaining term of the lease. Conditions of the lease also provide that the leased premises are to be used by the Association and Southeastern Louisiana University. The Landlord agrees to assume responsibility for maintenance, repair, and replacement obligations and all obligations to pay utilities, sewer, telephone and other communication services used on the leased premises, all taxes, and insurance in amounts reasonably satisfactory to the Tenant. The agreement also provides for subleasing a portion of the premises to Southeastern Louisiana University.

#### Sublease Agreement

On October 7, 1993, the Association entered into a sublease agreement with Southeastern Louisiana University. The sublease refers to the premises leased in the preceding paragraph. The sublease provides for the Association to reserve approximately 3,000 square feet of office space together with the non-exclusive use of restroom facilities, work area, conference room, and banquet room. The Association specifically reserves the exclusive right to sublease the banquet room. Beginning in the fiscal year ended June 30, 2010, annual lease payments will amount to \$1 per year.

#### **Note 6 - Related Parties -**

The Southeastern Development Foundation, Inc. ("Foundation"), a non-profit organization, occupies offices in the Alumni Center. These offices are leased from the Association by Southeastern Louisiana University (University) who provides for the use by the Foundation. The Foundation obtains donations for the University and also for the Association. The Association pledged \$100,500 to the Foundation during the year ended June 30, 2012, of which all had been paid by year-end. \$100,000 of this pledge was the receipt of a donation for the ROTC Alumni Chapter as a scholarship designation and was transferred to the Foundation for ROTC scholarships.